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# Supreme Court of the United States

OCTOBER TERM, 2001

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FESTO CORPORATION,

*Petitioner,*

v.

SHOKETSU KINZOKU KOGYO KABUSHIKI CO., LTD.,
A/K/A SMC CORPORATION AND SMC PNEUMATICS, INC.,

*Respondents.*

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*ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT*

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## BRIEF OF INTEL CORPORATION, CYPRESS SEMICONDUCTOR CORPORATION AND UNITED TECHNOLOGIES CORPORATION AS *AMICI CURIAE* IN SUPPORT OF RESPONDENTS

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## TABLE OF CONTENTS

Table of Authorities ..... iii

Statement of Interest ..... 1

Summary of Argument ..... 3

Argument ..... 5

I. Patentees Should Be Barred from Invoking the Doctrine of Equivalents to Broaden the Enforceable Scope of Limitations that They Agreed to Narrow in Order to Have Their Patents Issued ..... 6

A. Prosecution History Estoppel Reins in the Doctrine of Equivalents by Clarifying What Remains in the Public Domain and by Preventing Patent Holders from Unfairly Reclaiming in Litigation What Was Disclaimed During Patent Prosecution ..... 6

B. Prosecution History Estoppel Will Clarify the Scope of Claims and Promote Certainty and Predictability of Outcomes Only If It Operates as a Complete Bar ..... 8

1. A "Flexible Bar" Test Leads to Unpredictable Outcomes and Offers No Coherent and Practical Standard to Measure Patents' Scope ..... 8

2. Uncertainty Over Patents' Enforceable Scope Discourages Innovation and Increases the Amount and Cost of Litigation ..... 11

3. The Intermediate Approach Advocated by the Solicitor General Still Would Result in Unacceptable Uncertainty and Unpredictability ..... 14

C. A Complete Bar Rule Reflects the Public's Fair Conclusion that When a Patentee Narrows Its Claims to Obtain a Patent, It Releases Everything Within the Scope of the Original Claims But Not Within the Scope of the Amended Claims ..... 16

D. A Complete Bar Rule Is Not Unfair to Patentees ..... 17

1. Patentees Are Estopped Only When They Agree to Set New Boundaries on Their Claims ..... 17

2. A Complete Bar Rule Neither Guts the Doctrine of Equivalents Nor Thwarts Its Purpose to Prevent Fraud on a Patent ..... 18

3. Past Patentees Could Not Reasonably Rely on Any Range of Available Equivalents Because the Scope of Estoppel Was Always Uncertain ..... 20

E. Making Prosecution History Estoppel a Complete Bar Can Only *Improve* Patent Prosecution Practice ..... 21

1. Claiming Could Change Only for the Better ..... 21

2. Even If Applicants Challenge More Rejections, Patents' Scope Should Be Decided in Advance by Presumptively Expert PTO Examiners Rather than Years Later in Patent Litigation ..... 22

3. Inventions Will Not Be Discouraged Because Pioneer Claims Rarely Require Amendments and Non-Pioneer Claims Should Receive a Narrow Range of Equivalents to Begin With ..... 23

II. Prosecution History Estoppel Should Apply to All Amendments Narrowing Claims for Patentability Reasons, Not Just Amendments to Avoid Prior Art ..... 24

A. The Logic of Prosecution History Estoppel Extends to Narrowing Amendments Made to Fully Describe and Distinctly Claim an Invention or Establish Its Utility ..... 24

B. An Exception for Section 112 Amendments Would Swallow the Rule, Allowing Clever Applicants to Evade Estoppel and Reclaim What They Have Disclaimed ..... 25

C. Prosecution History Estoppel Should Depend on the Substance of an Amendment, Not on Its Form ..... 26

III. The Court's Ruling Should Apply Universally and Should Not Be Limited to Prospective Application ..... 27

Conclusion ..... 29



## TABLE OF AUTHORITIES

**Cases** **Page(s)**

*ACLARA Biosciences, Inc. v. Caliper Techs. Corp.*,
125 F. Supp. 2d 391 (N.D. Cal. 2000) ..... 19

*Augustine Med., Inc. v. Gaymar Indus., Inc.*,
181 F.3d 1291 (Fed. Cir. 1999) ..... 20, 23

*Bai v. L & L Wings, Inc.*,
160 F.3d 1350 (Fed. Cir. 1998) ..... 20, 26

*Bayer AG v. Elan Pharm. Research Corp.*,
212 F.3d 1241 (Fed. Cir.),
*cert. denied*, 531 U.S. 993 (2000) ..... 8

*Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*,
489 U.S. 141 (1989) ..... 19

*Budinich v. Becton Dickinson & Co.*,
486 U.S. 196 (1988) ..... 11

*Chevron Oil Co. v. Huson*,
404 U.S. 97 (1971) ..... 27, 28

*Control Resources, Inc. v. Delta Elecs., Inc.*,
133 F. Supp. 2d 121 (D. Mass. 2001) ..... 18

*Crawford v. Heysinger*,
123 U.S. 589 (1887) ..... 5, 24

*Dickinson v. Zurko*,
527 U.S. 150 (1999) ..... 22

*Diversitech Corp. v. Century Steps, Inc.*,
850 F.2d 675 (Fed. Cir. 1988) ..... 20

*EMI Group N. Am., Inc. v. Intel Corp.*,
157 F.3d 887 (Fed. Cir. 1998) ..... 20

**Cases** **Page(s)**

*Environmental Instruments, Inc. v. Sutron Corp.*,
877 F.2d 1561 (Fed. Cir. 1989) ..... 9, 20

*Exhibit Supply Co. v. Ace Patents Corp.*,
315 U.S. 126 (1942) ..... 5, 6, 14, 16, 20, 28

*Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*,
234 F.3d 558 (Fed. Cir. 2000) (*en banc*),
*cert. granted*, No. 00-1543 (U.S.) ..... *passim*

*Harper v. Virginia Dep't of Taxation*,
509 U.S. 86 (1993) ..... 27

*Hughes Aircraft Co. v. United States*,
717 F.2d 1351 (Fed. Cir. 1983) ..... 8, 20, 28

*KCJ Corp. v. Kinetic Concepts, Inc.*,
223 F.3d 1351 (Fed. Cir. 2000) ..... 20

*Kinzenbaw v. Deere & Co.*,
741 F.2d 383 (Fed. Cir. 1984) ..... 17, 20

*Litton Sys., Inc. v. Honeywell, Inc.*,
140 F.3d 1449 (Fed. Cir. 1998) ..... 9, 10

*Loral Fairchild Corp. v. Sony Corp.*,
181 F.3d 1313 (Fed. Cir. 1999),
*cert. denied*, 528 U.S. 1075 (2000) ..... 25, 26

*Markman v. Westview Instruments, Inc.*,
517 U.S. 370 (1996) ..... 11, 13

*McClain v. Ortmayer*,
141 U.S. 419 (1891) ..... 7

*Modine Mfg. Co. v. United States Int'l Trade Comm'n*,
75 F.3d 1545 (Fed. Cir. 1996) ..... 9



**Cases** **Page(s)**

*Mycogen Plant Science, Inc. v. Monsanto Co.*,
252 F.3d 1306, *reh'g denied*,
261 F.3d 1345 (Fed. Cir. 2001) ..... 26, 27

*Perkin-Elmer Corp. v. Westinghouse Elec. Corp.*,
822 F.2d 1528 (Fed. Cir. 1987) ..... 23

*Pfaff v. Wells Elecs., Inc.*,
525 U.S. 55 (1998) ..... 11

*Quill Corp. v. North Dakota*,
504 U.S. 298 (1992) ..... 11

*Sage Prods., Inc. v. Devon Indus., Inc.*,
126 F.3d 1420 (Fed. Cir. 1997) ..... 18

*Sextant Avionique, S.A. v. Analog Devices, Inc.*,
172 F.3d 817 (Fed. Cir. 1999) ..... 9

*Smith v. Magic City Kennel Club*,
282 U.S. 784 (1931) ..... 6, 10, 16

*Southwall Techs., Inc. v. Cardinal IG Co.*,
54 F.3d 1570 (Fed. Cir. 1995) ..... 9

*Sun Studs, Inc. v. ATA Equip. Leasing, Inc.*,
872 F.2d 978 (Fed Cir. 1989) ..... 9

*Townsend Eng'g Co. v. HiTec Co.*,
829 F.2d 1086 (Fed. Cir. 1987) ..... 20

*Turbocare Div. v. General Elec. Co.*,
264 F.3d 1111 (Fed. Cir. 2001) ..... 26

*United Carbon Co. v. Binney & Smith Co.*,
317 U.S. 228 (1942) ..... 11

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*Wang Labs., Inc. v. Mitsubishi Elecs. Am., Inc.*,
103 F.3d 1571 (Fed. Cir. 1997) ..... 20

*Wang Labs., Inc. v. Toshiba Corp.*,
993 F.2d 858 (Fed. Cir. 1993) ..... 20

*Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*,
520 U.S. 17 (1997) ..... *passim*

*Weber Elec. Co. v. E.H. Freeman Elec. Co.*,
256 U.S. 668 (1921) ..... 6

*Wilson Sporting Goods Co. v. David Geoffrey & Assocs.*,
904 F.2d 677 (Fed. Cir. 1990) ..... 9

**Statutes** **Page(s)**

35 U.S.C. § 101 ..... 25
35 U.S.C. § 102 ..... 24, 25
35 U.S.C. § 103 ..... 24, 25
35 U.S.C. § 112 ..... 7, 13, 24, 25, 26
35 U.S.C. § 282 ..... 22

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5A DONALD S. CHISUM, CHISUM ON PATENTS
§ 18.05[3][b][ii] (2001) ..... 9

William M. Atkinson, Bruce J. Rose & John A. Wasleff,
*Was* Festo *Really Necessary?*,
83 J. PAT. & TRADEMARK OFF. SOC'Y 111 (2001) ..... 10

Note, *To Bar or Not to Bar: Prosecution History Estoppel After* Warner-Jenkinson,
111 HARV. L. REV. 2330 (1998) ..... 11, 18, 23



## BRIEF OF INTEL CORPORATION, CYPRESS SEMICONDUCTOR CORPORATION AND UNITED TECHNOLOGIES CORPORATION AS *AMICI CURIAE* IN SUPPORT OF RESPONDENTS[1]

### Statement of Interest

The questions presented reflect the tension between patentees' need for meaningful patent protection on the one hand and the public's need for fair and clear notice of patents' scope on the other. As companies whose lifeblood is technological innovation, Intel Corporation, Cypress Semiconductor Corporation and United Technologies Corporation (UTC) appreciate both perspectives.

Innovation and intellectual property rights have been cornerstones of our remarkable growth and prosperity. Over the years, we have been responsible for pioneering inventions from the microprocessor to the helicopter, as well as a host of incremental innovations whose cumulative effect has been equally important. We invest massively in designing new technologies and bringing them to market. Intel, the world's largest chip maker, invested nearly $4 billion in researching and developing computer, networking and communications products last year. Cypress annually spends hundreds of millions of dollars (15 to 20 percent of its revenues) researching and developing integrated circuits for cutting-edge computer and communications applications. UTC dedicated $1.3 billion last year to researching and developing products ranging from aerospace equipment to air conditioning systems.

To protect those investments, we vigorously seek patents and enforce them against others. Intel holds a portfolio of over 5,000 patents and received approximately 800 patents last year alone. Cypress was issued over 100 patents last year and expects to file 250 new applications this year. UTC entities hold about 4,500 patents and obtained 400 patents last year. These broad patent portfolios enable us to negotiate cross-licenses with other inno-

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[1] Counsel of record for all parties have given written consent to file this brief. Those letters of consent have been filed with the Clerk.

No party or counsel to a party has authored this brief in whole or in part, and no person or entity other than the companies submitting this brief and their counsel have contributed monetarily to the preparation or submission of this brief.

vative companies, and some patents generate royalty revenues for us as well. So when others have infringed our hard-earned patents, we have brought patent infringement actions to protect our rights.

As owners of impressive patent portfolios and as three of the best customers of the Patent and Trademark Office (PTO), we strongly support robust patent rights and sensible patent prosecution procedures. On the other hand, we have an equally strong interest in the predictability of the scope of *all* patents. As part of our efforts to develop new products, we regularly evaluate whether technology that we have developed independently may nevertheless infringe on others' patent rights. And in this litigious age, we also have defended against infringement suits by others.

Over the years, we have been increasingly frustrated at the lack of certainty and predictability of patents' scope. We recognize the importance of the doctrine of equivalents, and in appropriate cases we rely on it ourselves. But we also recognize the need to cabin it so that the public has fair notice of what technology it can and cannot freely use. Increasingly, we have been hounded by holders of seemingly modest patents attempting to extort huge settlements. In many cases, the claimants have little hope of proving literal infringement, yet they raise the specter that the doctrine of equivalents will enable them to win large verdicts and shut down key product lines. This occurs even though the patentees often have agreed to narrow the claims of their patents in order to have them issued in the first place.

In our view, the Federal Circuit's *en banc* decision in this case properly balanced the interests of patentees and the public at large and properly defined the relationship between the doctrine of equivalents and prosecution history estoppel. We accordingly urge the Court to affirm the judgment for respondents and hold that

(1) when prosecution history estoppel applies, it completely bars a patent holder from broadening the enforceable scope of a narrowed limitation by resort to the doctrine of equivalents; and

(2) prosecution history estoppel applies whenever a patent applicant narrows a claim limitation for any reason related to patentability, regardless of the form of the change and regardless of the section of the Patent Act that prompted the change.



## Summary of Argument

1. The court of appeals correctly held that prosecution history estoppel completely bars a patentee from relying on the doctrine of equivalents to expand the enforceable scope of a claim limitation that it agreed to narrow in order to have the claim issued. Only a complete bar rule serves the twin purposes of prosecution history estoppel: to promote efficiency and innovation by increasing the clarity and predictability of patents' scope, and to promote fairness by binding patentees to concessions they make before the PTO.

Under the "flexible bar" approach, the range of potential equivalents varied unpredictably "within a spectrum ranging from great to small to zero." The only effective limit on the doctrine of equivalents was the prior art, a limit that exists even without prosecution history estoppel. The resulting uncertainty stifled innovation and competition. It takes millions of dollars to develop new products in technology-intensive industries such as those where we compete. When the scope of prosecution history estoppel varied unpredictably, patent counsel could not reliably advise clients on the danger of infringement. The risk of large damage awards and line-stopping injunctions was particularly great because infringement under the doctrine of equivalents is decided by lay jurors who often barely comprehend the technology at issue. As a result, weak claims proliferated but, without any prospect of a definitive answer until after an appeal, defendants faced the Hobson's choice of paying large settlements or taking business-endangering risks.

In contrast, a complete bar rule provides a safe harbor in the otherwise uncertain and unpredictable sea of potential infringement under the doctrine of equivalents. Counsel can now safely advise that patentees will not be able to reclaim through the doctrine of equivalents what they disclaimed during patent prosecution. Even the Solicitor General's proposal of a rebuttable presumption of a complete bar would be problematic in practice because it fails to define precisely when the presumption can be rebutted and what scope of equivalents would then remain.

A complete bar rule also is the only rule that is fair to the public and potential competitors. When an applicant narrows its claims to gain a patent, the public is fairly entitled to conclude that

the applicant has recognized and surrendered the entire difference between the original and amended claims. Simply put, a complete bar properly binds the patentee to its bargain with the PTO. A "flexible bar" unfairly requires the public to speculate about what the patentee and examiner would have, could have, should have or might have done, but did not do.

The complete bar rule is not unfair to patentees because they can be estopped only when and to the extent they agree to narrow their claims. Patentees are in the best position to judge the value and content of their inventions and decide whether to accommodate or traverse an examiner's rejections. A complete bar rule will not gut the doctrine of equivalents because it still will apply to claims that were not narrowed for patentability and even to the unamended portions of claims that were so narrowed. The minimal danger of "unscrupulous copyists" pales in comparison to the greater danger of deterring legitimate innovation. And the complete bar rule has not unfairly changed the legal landscape because the scope of estoppel and equivalents had been uncertain before.

Finally, a complete bar rule will improve rather than hamper patent prosecution practice. If applicants have the incentive to claim more realistically and to search the prior art beforehand, so much the better. If applicants stand their ground and appeal, the scope of their inventions will properly be determined in advance by the expert PTO rather than years later in litigation. And neither logic nor evidence suggests that inventiveness will be discouraged. If anything, more patent applications will be filed because more inventive activity will be encouraged.

2. Prosecution history estoppel should apply to all kinds of amendments narrowing claims to ensure patentability, not simply to amendments admittedly designed to overcome prior art.

The logic and policy rationales behind prosecution history estoppel fully apply to amendments that narrow claims so they adequately describe and distinctly claim the true invention. Regardless of the statutory basis for the amendment, the public is entitled to rely on its ability to practice what the patentee chose not to claim. Furthermore, as experience has shown, an exception for amendments purporting to "clarify" the claims would create a huge loophole that clever patent counsel inevitably would try to exploit.



The Federal Circuit properly did not hold that every amendment clarifying the scope of a claim will trigger an estoppel. True clarifications or corrections that do not narrow the substantive scope of a claim do not and should not result in estoppel. Conversely, however, an amendment does not automatically avoid estoppel simply because it does not take the classic form of an added limitation. The test should depend on the substantive effect of an amendment, not on its form or formal basis.

3. The Court's affirmance of the decision below should apply to all present and future cases. Even if the Constitution permits purely prospective judicial decisionmaking in extraordinary cases, this is no such case. The pre-*Festo* case law was split, and no one could predict or rely on the scope of equivalents that survived a narrowing amendment. If patent applicants proposed narrowing amendments and expected that they could later renege on those agreements and make broader claims in litigation, they acted at their own peril. Applying the "flexible bar" to all past claim amendments would simply extend the uncertainty—and plaintiffs' unfair exploitation of that uncertainty—for twenty more years.

## ARGUMENT

Respondents and other *amici* have demonstrated why the Federal Circuit's holdings on both questions presented were consistent with—indeed, compelled by—this Court's prior decisions. Even if the Court finds no definitive answer in its own precedents, however, this brief will demonstrate that the decision below was right as a matter of sound public policy and sensible patent practice.[2]

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[2] As a threshold matter, the Court cannot simply reverse and leave the issue for Congress to decide, as some of petitioner's *amici* have simplistically suggested. The judiciary created both the doctrine of equivalents and the doctrine of prosecution history estoppel, and now the judiciary must clarify their interplay. The Patent Act of 1952 and its predecessors addressed neither doctrine, much less the relationship between them. If, as in *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17, 25-28 (1997), the Court believes that Congress intended to maintain existing law when it adopted the current Patent Act, then the Court should affirm the Federal Circuit's decision. As discussed below, this Court's pre-1952 case law had long held that prosecution history estoppel served as a complete bar to reliance on the doctrine of equivalents as to amended limitations [*see Exhibit Supply Co. v. Ace Patents Corp.*, 315 U.S. 126, 137 (1942)], and the estoppel was not limited to cases of amendments to overcome prior art [*see Crawford v. Heysinger*, 123 U.S. 589, 606 (1887)].

## I. PATENTEES SHOULD BE BARRED FROM INVOKING THE DOCTRINE OF EQUIVALENTS TO BROADEN THE ENFORCEABLE SCOPE OF LIMITATIONS THAT THEY AGREED TO NARROW IN ORDER TO HAVE THEIR PATENTS ISSUED

In *Warner-Jenkinson,* this Court held that where a patent holder fails to explain the basis for a claim amendment, the court should "presume that the patent applicant had a substantial reason related to patentability for including the limiting element added by amendment," and that prosecution history estoppel will then "bar the application of the doctrine of equivalents as to that element." 520 U.S. at 33. The Federal Circuit unanimously held [234 F.3d 558, 564, 578 (2000)], and petitioner does not dispute, that where the purpose of an amendment is unclear, that "bar" is absolute, allowing no range of equivalents as to the amended element.

As shown below, the reasons for imposing a complete bar where an amendment's purpose is *unknown* apply with even greater force where the amendment's purpose *is* known—and known to be related to patentability. The Court should therefore affirm that when a patentee has narrowed a claim to obtain a patent, the holder of that patent may not effectively broaden that claim by invoking the doctrine of equivalents as to the added or amended limitations.

### A. Prosecution History Estoppel Reins in the Doctrine of Equivalents by Clarifying What Remains in the Public Domain and by Preventing Patent Holders from Unfairly Reclaiming in Litigation What Was Disclaimed During Patent Prosecution

Prosecution history estoppel has long been held to bar a patent holder from using the doctrine of equivalents to effectively *re*claim in litigation subject matter that the patentee *dis*claimed during prosecution of the patent, either by an amendment to a claim limitation or through argument to the patent examiner. *See, e.g., Exhibit Supply Co. v. Ace Patents Corp.*, 315 U.S. 126, 137 (1942); *Smith v. Magic City Kennel Club,* 282 U.S. 784, 790 (1931); *Weber Elec. Co. v. E.H. Freeman Elec. Co.*, 256 U.S. 668, 677-78 (1921). The rule serves to alleviate two highly problematic side effects of the doctrine of equivalents:

*First,* prosecution history estoppel sharpens edges of the public domain that the doctrine of equivalents otherwise blurs. Patent



claims serve to define the scope of an invention and notify the public that the claimed invention is no longer free to be used. *See* 35 U.S.C. § 112 ¶ 2 ("The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention."); *McClain v. Ortmayer,* 141 U.S. 419, 424 (1891) (the object of this requirement "is not only to secure to [the patentee] all to which he is entitled, but to apprise the public of what is still open to them"). The doctrine of equivalents inherently creates tension with those functions because it provides a penumbra of protection that allows a patent holder to win damages and injunctions even when a defendant has not infringed the literal terms of the claims.

Because the classic "function-way-result" and more recent "insubstantial difference" tests for equivalence are inherently imprecise, "[t]here can be no denying that the doctrine of equivalents, when applied broadly, conflicts with the definitional and public-notice functions of the statutory claiming requirement." *Warner-Jenkinson,* 520 U.S. at 29. Because the doctrine of equivalents "has taken on a life of its own, unbounded by the patent claims" [*id.* at 28-29], prosecution history estoppel has evolved to "place[] reasonable limits" and "insulate" the doctrine of equivalents from unacceptable conflicts with the policies of the Patent Act [*id.* at 34]. As the Federal Circuit aptly put it below, prosecution history estoppel is a "tool that prevents the doctrine of equivalents from vitiating the notice function of claims." *Festo,* 234 F.3d at 564.

*Second,* prosecution history estoppel prevents patent holders from unfairly restricting their competitors and unjustly enriching themselves. When the objective public record shows that a patentee disclaimed certain subject matter during prosecution, the public is entitled to take the patentee at its word and use that technology freely. *See id.* at 564-65 ("The logic of prosecution history estoppel is that the patentee, during prosecution, has created a record that fairly notifies the public that the patentee has surrendered the right to claim particular matter as within the reach of the patent."). Conversely, patentees would be unjustly enriched if they could renege on bargains they struck during prosecution and demand royalties or damages for technology they agreed to exclude from the scope of their patents.

In short, prosecution history estoppel does two things: it promotes efficiency and innovation by increasing the clarity and predictability of patents' scope, and it promotes fairness by binding patentees to concessions that they make in obtaining patents. As shown below, those twin goals will be frustrated unless patent prosecution estoppel *completely* bars patent holders from relying on the doctrine of equivalents as to claim limitations that were added or narrowed for patentability reasons.

### B. Prosecution History Estoppel Will Clarify the Scope of Claims and Promote Certainty and Predictability of Outcomes Only If It Operates as a Complete Bar

The Federal Circuit majority rejected a "flexible bar" approach to prosecution history estoppel because under that approach "it is virtually impossible to predict before the decision on appeal where the line of surrender is drawn." *Festo,* 234 F.3d at 575. Based on decades of frustrating experience, the court recognized that a "flexible bar" is "unworkable" because it cannot "be relied upon to produce consistent results and give rise to a body of law that provides guidance to the marketplace on how to conduct its affairs." *Id.*

As our experience attests, both holdings were exactly right.

#### 1. A "Flexible Bar" Test Leads to Unpredictable Outcomes and Offers No Coherent and Practical Standard to Measure Patents' Scope

Under the classic formulation of the "flexible bar," the range of potential equivalents varied "within a spectrum ranging from great to small to zero." *Hughes Aircraft Co. v. United States,* 717 F.2d 1351, 1363 (Fed. Cir. 1983). Admittedly, however, "there was no precise metric to determine the exact range of equivalents within that spectrum." *Festo,* 234 F.3d at 627 (Linn, J., dissenting). While the Federal Circuit often tried to define and refine the test, its verbiage provided no real guidance on how to determine the permissible scope of equivalents. The cases asked whether "there ha[d] been a clear and unmistakable surrender of subject matter," as judged by "whether a competitor would reasonably believe that the applicant had surrendered the relevant subject matter." *See, e.g., Bayer AG v. Elan Pharm. Research Corp.,* 212 F.3d 1241, 1252 (Fed. Cir.) (citation omitted), *cert. denied,* 531 U.S. 993 (2000). But just how the "reasonable competitor" was to



determine the scope of surrender was never clear. The cases likewise said that the scope of estoppel was to be "determined with reference to the prior art and any amendments and/or arguments made in an attempt to distinguish such art." *Sextant Avionique, S.A. v. Analog Devices, Inc.,* 172 F.3d 817, 826-27 (Fed. Cir. 1999). But the decisions never provided the recipe for combining these ingredients of the analysis.

As a result, the scope of prosecution history estoppel, and therefore the enforceable scope of patents, was notoriously unpredictable. As two of the dissenters below acknowledged, the "difficult and complex" nature of prosecution histories and the technology discussed made resolving the scope of estoppel an "often arduous task" that frequently "g[a]ve rise to differing opinions as to what subject matter [wa]s within the scope of the claim and what ha[d] been surrendered." *Festo,* 234 F.3d at 628. Even Professor Chisum, author of two *amicus* briefs supporting petitioner, candidly recognized the "predictive difficulties of the flexible approach" in his treatise. 5A DONALD S. CHISUM, CHISUM ON PATENTS § 18.05[3][b][ii] at 18-505 to -506 (2001) (citing *Sun Studs, Inc. v. ATA Equip. Leasing, Inc.,* 872 F.2d 978 (Fed Cir. 1989), and *Environmental Instruments, Inc. v. Sutron Corp.,* 877 F.2d 1561 (Fed. Cir. 1989), as illustrations that similar facts often led to very different outcomes).

In practice, the only true "limit" to equivalents recognized in the pre-*Festo* "flexible bar" case law was the prior art. *See, e.g., Litton Sys., Inc. v. Honeywell, Inc.,* 140 F.3d 1449, 1462 (Fed. Cir. 1998) (the doctrine "estops the applicant from later asserting that the claim covers, through the doctrine of equivalents, features that the applicant amended his claim to avoid" as well as "'trivial' variations of such prior art features"); *Modine Mfg. Co. v. United States Int'l Trade Comm'n,* 75 F.3d 1545, 1556 (Fed. Cir. 1996) (the range of equivalents is limited only by the prior art). *But see Southwall Techs., Inc. v. Cardinal IG Co.,* 54 F.3d 1570, 1581 (Fed. Cir. 1995) (estoppel extends beyond the prior art).

Even without prosecution history estoppel, however, the doctrine of equivalents cannot be applied to cover the prior art. *See Wilson Sporting Goods Co. v. David Geoffrey & Assocs.,* 904 F.2d 677, 684 (Fed. Cir. 1990). Thus, prosecution history estoppel matters only if its reach extends *beyond* the prior art. *See Sextant,*

172 F.3d at 827 ("If [defendant] were practicing the prior art, it would have had a complete defense to [plaintiff's] infringement charge, and prosecution history would be irrelevant."). On the critical question *how far* the estoppel extends beyond the prior art, petitioner and its *amici* are conspicuously silent. Of necessity, both they and the dissenters below have avoided defining the "flexible bar" with any precision.[3]

The Federal Circuit thus was correct in observing that under a "flexible bar," "the exact range of equivalents when prosecution history estoppel applie[d] [wa]s virtually unascertainable, with only the prior art marking the outer limits of the claim's scope." *Festo*, 234 F.3d at 577. And when only the prior art marks the outer limits of a claim, prosecution history estoppel is a nullity.[4]

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[3] Some decisions have noted that prosecution history estoppel prevents a patentee from recapturing its original claim language. *See, e.g., Litton*, 140 F.3d at 1462. That is true, but prosecution history estoppel must mean at least that much or else a narrowing amendment would have no effect whatsoever. Like a prior-art "limit" on equivalence, a prior-claim-language "limit" is no limit at all.

[4] Several of petitioner's *amici* have endorsed the analysis in William M. Atkinson, Bruce J. Rose & John A. Wasleff, *Was* Festo *Really Necessary?*, 83 J. PAT. & TRADEMARK OFF. SOC'Y 111 (2001), but neither of the two complicated refinements of the "flexible bar" test proposed in that article withstands scrutiny.

*First*, the article suggests (at 137-38) that estoppel should also apply to the extent the examiner perceived the prior art to be broader than the trial court finds it really was. Any distinction between true and perceived prior art, however, runs afoul of this Court's direction in *Warner-Jenkinson* [520 U.S. at 33 n.7] that trial courts must accept the correctness of an examiner's objection. For purposes of prosecution history estoppel, the examiner's view of the prior art *is* the correct one. *See Smith*, 282 U.S. at 789-90 ("Whether the examiner was right or wrong in rejecting the original claim, the court is not to inquire.").

*Second*, the article proposes (at 138-39) that the bar apply only where the patent holder argues that a device that did not literally infringe the *original* claim nevertheless infringes the *issued* claim under the doctrine of equivalents. That is, a patent holder still could argue that a device infringes by equivalents if it *was* within the literal scope of original claim but is *not* within the literal scope of the amended claim. But this too moots the estoppel. The patent holder could claim coverage all the way up to the original scope even when the examiner rejected the original claim. Even the authors admit (at 139) that "[i]n certain cases, it contributes little to the doctrine of equivalents analysis" and that "[i]f the patentee amended a claim by adding a new element . . . the abandoned claim provides no limits for application of the doctrine of equivalents to the added element."



### 2. Uncertainty Over Patents' Enforceable Scope Discourages Innovation and Increases the Amount and Cost of Litigation

This Court has long recognized that the scope of patent protection must be clearly defined, otherwise the specter of potential infringement claims will stifle socially useful innovation and competition. An absence of clear limits creates a "zone of uncertainty which enterprise and experimentation may enter only at the risk of infringement claims," and that uncertainty will "discourage invention only a little less than unequivocal foreclosure of the field." *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 390 (1996) (quoting *United Carbon Co. v. Binney & Smith Co.*, 317 U.S. 228, 236 (1942)). As one commentator succinctly put it, "[w]ithout clear rules defining the scope of intellectual property protection, potential investors will be deterred from taking the risk of investing in technological innovation." Note, *To Bar or Not to Bar: Prosecution History Estoppel After* Warner-Jenkinson, 111 HARV. L. REV. 2330, 2331 (1998) ("Harvard Note").[5]

The uncertainty and unpredictability inherent in the "flexible bar" approach to prosecution history estoppel caused serious problems in the technology-intensive industries in which we compete. Bringing new products to market requires massive investment in research, development, manufacturing technology, marketing and distribution systems. Given the stakes, the product development process must assess the risk of patent infringement. In many cases, engineers develop new solutions independently and then check whether others may have patents that block the use of those solutions. In others, engineers start with a competitor's product, locate any related patents and then try both to improve on that technology and to design around the patents—a process that patent

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[5] This Court has often recognized the need for clear legal standards in patent law and other areas. *See, e.g., Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 65-66 (1998) (emphasizing the need for a "definite standard" for determining the applicability of the on-sale bar and rejecting a "substantially complete invention" test because it "seriously undermines the interest in certainty"); *Quill Corp. v. North Dakota*, 504 U.S. 298, 315-16 (1992) ("a bright-line rule in the area of sales and use taxes also encourages settled expectations and, in doing so, fosters investment by businesses and individuals"); *Budinich v. Becton Dickinson & Co.*, 486 U.S. 196, 202-03 (1988) (noting the need for a clear rule to define finality for appeals).

law has long encouraged. Whichever way, companies in technology-driven fields regularly ask their patent counsel to study patents and their prosecution histories and render an opinion whether a proposed new design infringes others' patents.

When the scope of prosecution history estoppel varies from "great to small to zero," patent counsel cannot confidently advise that a product will be safe from allegations of infringement. They and their clients instead must assume the worst: no estoppel and a wide range of potentially infringing equivalents. A "flexible bar" thus proves oxymoronic in practice: the extreme elasticity of its application negates the impact of the supposed "bar."

The uncertainty is compounded because under *Warner-Jenkinson* infringement by equivalents is a question of fact, and under current Federal Circuit law that issue is submitted to the jury. Lay juries can easily be confused by the complex and increasingly esoteric technology at the cutting edge of fields such as electronics, biotechnology, aerospace and telecommunications. Even where a product plainly does not literally infringe, companies know they face a serious risk that bewildered jurors nevertheless would find infringement under the doctrine of equivalents. As a result, bringing valuable innovations to market is discouraged.

Whereas the "flexible bar" approach inevitably expands the zone of uncertainty surrounding patents and discourages investment in related technologies, a complete bar rule reduces that uncertainty and encourages investment. As a result of the Federal Circuit's decision in this case, patent counsel finally can advise their clients—unequivocally—that they *can* proceed safely on the assumption that the patentee disclaimed the entire difference between its original claim and the narrower claim issued. Products can be brought to market more quickly and cheaply, and those savings can be passed on to customers.

Of course, in many cases, accused infringers are not aware of patents and their prosecution histories until they are faced with a demand or lawsuit by the patent holder. Even then, however, the unpredictability caused by a "flexible bar" imposes severe costs. Not only is further investment deterred, but the excessive uncertainty results in additional litigation and, often, settlements or damage awards far richer than the merits deserve.



That is because absent clear bounds on the doctrine of equivalents, summary judgment of noninfringement becomes extraordinarily difficult, and when summary judgment is unlikely, weak cases proliferate. Plaintiffs' attorneys prey on the potential for jury confusion. Both sides recognize that jurors may find liability and award damages bearing little relationship to the merits, and that the court will then follow up with a permanent injunction shutting down production. Defendants thus must choose: settle or play Russian roulette. Even the bold that litigate and ultimately prevail find their victories pyrrhic. Patent litigation is extremely time-consuming and expensive: five years from complaint to finality on appeal is typical, and experts' and attorneys' fees (which defendants rarely recover) regularly run to multiple millions of dollars. Those resources are permanently diverted from more productive activities such as developing and marketing new products.

In short, if this Court returns industry to the uncertain world where no one knows whether or how the doctrine of equivalents will apply, the inevitable result will be to discourage productive investment in new technology and to stifle competition—to the detriment of society at large. Competitors should not be subjected to the unpredictability of jury verdicts and the vagaries of how "flexibly" three appellate judges will view the estoppel bar.

To be sure, a complete bar rule will not eliminate all uncertainty in patent law. The doctrine of equivalents will still apply in cases where claims were not narrowed for reasons related to patentability. And liability for literal infringement is not always free from doubt, although it is more predictable.[6] But what prosecution history estoppel should do (and under a complete bar approach will do) is provide a safe harbor in the otherwise uncertain and unpredictable sea of potential infringement under the doctrine of equivalents. The safety of that harbor will be illusory unless prosecution

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[6] In our experience, advice on literal infringement is far more solid and reliable than opinions on infringement by equivalents. In many cases, how the defendant's product operates is not really disputed, so the question becomes one of claims construction. In theory at least, the claims are supposed to distinctly point out the scope of the invention. *See* 35 U.S.C. § 112. Claims construction is often disputed, but within a narrower range. This Court affirmed in *Markman* that claims construction is an issue for the judges, not juries, to decide, which greatly reduces the degree of uncertainty over literal infringement.

history estoppel completely bars reliance on the doctrine of equivalents in connection with amended limitations.

### 3. The Intermediate Approach Advocated by the Solicitor General Still Would Result in Unacceptable Uncertainty and Unpredictability

The *amicus* brief of the Solicitor General sets forth forcefully why the "flexible bar" rule had to be rejected and should not be reinstated: the rule was "unworkable," produced an "unacceptably high level of uncertainty" and "did not sufficiently confine the doctrine of equivalents." [U.S. Br. 27, 10, 19] The Solicitor General further explains that because "the conscientious applicant will focus attention on the precise consequences of a narrowing amendment," to limit the scope of equivalents based on those amendments is "just and fair." [*Id.* at 23-24] And he emphasizes that patent applicants "have long been on notice" that narrowing amendments may foreclose access to the doctrine of equivalents. [*Id.* at 24-25 (citing *Exhibit Supply*, 315 U.S. at 136)]

Nevertheless, apparently seeking a middle ground, the Solicitor General proposes erecting a *presumption* of a complete bar and allowing the patent holder to "overcome that presumption by showing a concrete basis, based on the patent prosecution record and relevant to the specific context of the infringement suit, for extending the amended portion of the claim beyond its literal terms to encompass equivalent elements." [*Id.* at 10] The Solicitor General never defines the universe of "concrete bases" that would suffice, instead offering two examples: when "the court finds that the assertedly equivalent element is itself an innovation that was not known to persons of ordinary skill in the art at the time the applicant amended the claim"; and when "the court concludes that, owing to the nature of the subject matter at issue, it was not possible for one of ordinary skill in the art to draft a claim amendment that literally encompassed the allegedly equivalent element while disclaiming the surrendered subject matter." [*Id.* at 25, 26]

The Solicitor General's test, however, is too malleable and open-ended. It fails to address the fundamental flaw in the "flexible" approach: "[t]here is no precise metric to determine what subject matter is given up between the original claim and the amended claim." *Festo*, 234 F.3d at 577. Under his test, courts



still would be required to divine what the patentee surrendered with a narrowing amendment—exactly the exercise the Federal Circuit found unworkable. Equally important, the Solicitor General does not purport to identify all the permissible bases for rebutting the presumption of a complete bar. Patent holders would try to establish additional exceptions for years to come, continuing the uncertainty for all concerned. Cautious patent applicants would have to assume a complete bar when dealing with the PTO, while cautious potential defendants would have to assume that an unknown scope of equivalents would apply despite a narrowing claim amendment. Although designed to combine the best of both worlds, the Solicitor General's test likely would create the worst.

Even if the exceptions were limited to the two specifically listed, the Solicitor General's proposal remains problematic. The English language is extraordinarily versatile, and cases in which a patent applicant cannot craft a line between what is claimed and what is surrendered ought to be quite rare. In litigation, however, enterprising patent holders undoubtedly will try to drive trucks through that seemingly narrow loophole. And while the Solicitor General expresses concern that a surrender by amendment cannot contemplate after-developed technology, he ignores that innovative improvements based on later technology are those that society should least want to deter. By definition, innovators are not the unscrupulous copyists the doctrine of equivalents seeks to capture. Moreover, the exception would engender more uncertainty by leaving to litigation the question whether a particular accused device was based on after-developed technology.[7]

In short, the Solicitor General's attempt to carve out exceptions to a complete bar to accomplish equity in particular cases is understandable, but ultimately the game is not worth the candle.

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[7] Even if adopted, the Solicitor General's exception would have to be limited to embrace only the rare circumstance where the basic technology in a field had changed so fundamentally that the allegedly equivalent accused technology "did not exist *and was not reasonably within the contemplation of the PTO and the applicant at the time of the claim amendment*." [U.S. Br. 26 (emphasis added)] If instead the exception required only that the accused device itself did not exist, prosecution history estoppel would be nullified, as the requirements of novelty and nonobviousness already bar claims covering preexisting devices.

The loopholes his exceptions would create would simply revive all the problems inherent in the "flexible bar" previously applied.[8]

### C. A Complete Bar Rule Reflects the Public's Fair Conclusion that When a Patentee Narrows Its Claims to Obtain a Patent, It Releases Everything Within the Scope of the Original Claims But Not Within the Scope of the Amended Claims

When a patent applicant narrows its claims to gain a patent, the public is fairly entitled to conclude that the applicant has surrendered the entire difference between the original and amended claims. As this Court put it in *Exhibit Supply*, "[b]y the amendment [the patentee has] recognized and emphasized the difference between the two phrases and proclaimed his abandonment of all that is embraced in that difference." 315 U.S. at 136. As a matter of long-settled law, narrowing amendments "must be strictly construed against the inventor and looked upon as disclaimers." *Smith*, 282 U.S. at 790. And as a matter of fairness, a patentee should not be allowed to *re*claim what it *dis*claimed.

Put most simply, a complete bar properly binds the patentee to its bargain with the PTO. A "flexible bar" allows the patentee to renege on that deal on the ground that its release of subject matter was unintentional or not required for patentability. But just as the correctness of an examiner's rejection is irrelevant to prosecution history estoppel, the wisdom and necessity of a particular amendment are also irrelevant. From the public's perspective, the patentee has agreed to be bound by narrower claim language and to abandon the difference to the public domain.

A "flexible bar" approach necessarily allows patentees to reclaim at least some of what they have disclaimed. Indeed, the advocates of that standard expressly argue for a detailed analysis to

[8] The "foreseeable bar" suggested by the Institute of Electrical and Electronics Engineers (IEEE) is another attempted compromise that is doomed to fail. Without resort to litigation, no one will agree on whether "the limiting effect of the language [of an amendment] with respect to an accused device would have been foreseeable at the time of the amendment" [IEEE Br. 4]. The Federal Circuit's "flexible bar" asked whether a "reasonable competitor" would believe the applicant had surrendered the subject matter. The IEEE's "foreseeable bar" test is the same unworkable standard under a different label.



determine exactly what the patentee intended to surrender or was forced to surrender in order to obtain the patent and what intermediate language the patent examiner might have accepted. But what the patentee and examiner would've, could've, should've or might've done is pure speculation. The law should not require or assume that the public reviewing a prosecution history will go through such a tortured analysis. Instead, the law should reflect the common sense conclusion that when a patentee gives up ground to get a patent, it gives up that ground forever. *See Kinzenbaw v. Deere & Co.*, 741 F.2d 383, 389 (Fed. Cir. 1984) (whether or not the patentee needed to specify the radius of a gauge wheel to overcome prior art, prosecution history estoppel applied because the patentee did so; the court properly "decline[d] to undertake the speculative inquiry whether, if [the inventor] had made only that narrowing limitation in his claim, the examiner nevertheless would have allowed it").

### D. A Complete Bar Rule Is Not Unfair to Patentees

A complete bar rule will work no unfair hardship.

#### 1. Patentees Are Estopped Only When They Agree to Set New Boundaries on Their Claims

To begin with, prosecution history estoppel can apply only when the patentee, as master of its own claims, makes the deliberate choice to accept narrowed claim language. If an applicant disagrees with the patent examiner's assessment, it is entitled to stand its ground, attempt to traverse the rejection and ultimately appeal if it still cannot convince the examiner. There is no such thing as involuntary prosecution history estoppel.

In most cases, moreover, the applicant drafts the narrowed language, determining what subject matter it is willing to surrender and rewriting its claims accordingly. Bad draftsmanship should be the patentee's problem, not the public's. As a matter of both fairness and efficiency, the patentee is best situated to bear the risk of any uncertainty in the claim language:

> a rule that does not force the patentee, who possesses the best information regarding what the invention is claimed to be, to reveal the limits of an invention places the costs of determining the

> scope of protection afforded by a patent on the public at large. As between the patentee, who reaps the rewards of the possession of a monopoly over the subject matter of an invention, and other inventors, who desire to be able to compete on fair terms with the patentee, the cost of clearly defining the patent scope should fall on the patentee.

Harvard Note, 111 HARV. L. REV. at 2346 (footnotes omitted).

As the Federal Circuit recognized even before *Festo*, "such reasoning places a premium on forethought in patent drafting" and may even increase the cost of patent prosecution somewhat. *Sage Prods., Inc. v. Devon Indus., Inc.*, 126 F.3d 1420, 1425 (Fed. Cir. 1997). But "[g]iven a choice of imposing the higher costs of careful prosecution on patentees, or imposing the costs of foreclosed business activity on the public at large, . . . the costs are properly imposed on the group best positioned to determine whether or not a particular invention warrants investment at a higher level, that is, patentees." *Id.*[9]

### 2. A Complete Bar Rule Neither Guts the Doctrine of Equivalents Nor Thwarts Its Purpose to Prevent Fraud on a Patent

A complete bar rule will not destroy or undercut the doctrine of equivalents because prosecution history estoppel is narrow. As this Court held in *Warner-Jenkinson* and as the Federal Circuit reaffirmed here, prosecution history estoppel limits application of

[9] Petitioner and its *amici* have repeatedly cited *Control Resources, Inc. v. Delta Electronics, Inc.*, 133 F. Supp. 2d 121 (D. Mass. 2001), but that case proves the point that estoppel is avoidable. The patent there covered a fan speed controller with a "fixed level control signal" corresponding to "half maximum fan speed." The original claim language had required only a "preselected minimum" speed, but the patentee agreed to narrow its claim to the issued language to overcome prior art. The trial court held that the complete bar rule precluded the plaintiff from relying on the doctrine of equivalents, but did so reluctantly because, in its view, the patentee only meant to surrender minimum speeds below half-maximum. *Id.* at 135-37. Regardless of the patentee's intent, however, it *agreed* to the "half maximum" limitation. It could easily have drafted an amendment covering "pre-selected minimum speeds of half-maximum or greater," but it chose not to do so. The public was entitled to take the patentee at its word, and the patentee had no one but itself to blame for the limited scope of the issued patent.



the doctrine of equivalents only when the patentee narrowed the scope of its claims *and* the reason for the amendment related to the requirements for patentability. Prosecution history estoppel will *not* apply when claims are not amended; nor will it apply when claims are amended but not narrowed in scope, or when claims are amended and narrowed but not due to patentability concerns.

In addition, prosecution history estoppel applies only to the particular portion of the claim that was narrowed. If, for example, a claim consists of limitations A, B, C and D, and only limitation C was added or revised during prosecution, then the doctrine of equivalents remains in full force as to limitations A, B and D. Indeed, if limitation C consisted of elements C1, C2 and C3 and the amendment only narrowed the scope of C2, then prosecution history estoppel would apply only to C2, not C1 or C3. *See ACLARA Biosciences, Inc. v. Caliper Techs. Corp.*, 125 F. Supp. 2d 391, 400-03 (N.D. Cal. 2000). As a result, the doctrine of equivalents will continue to enjoy a wide berth even though prosecution history estoppel will serve as a complete bar when that estoppel applies.

The critics of the decision below suggest that "unscrupulous copyists" will come out of the woodwork and duplicate every aspect of a patent except an amended limitation as to which they will make an insubstantial change to avoid literal infringement. In our view, that concern is overblown. Intel, Cypress and UTC have broad patent portfolios. We have found "unscrupulous copying" to be relatively rare and almost always captured by the literal scope of our patent claims. Perhaps most importantly for present purposes, we have seen no upsurge in such activity since the Federal Circuit's adoption of the complete bar rule a year ago. Petitioner and its *amici* point to no empirical evidence either.

Of course, there may be rare instances of such copying in the future. But that small number of cases pales in comparison to the much larger and more important number where defendants have been and would be accused of infringement despite substantial innovations and use of significantly different technology. The patent system encourages designing around patents. *See Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 147 (1989) (the patent laws "recogni[ze] that imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy"). Yet the "flexible bar" test

necessarily deterred innovators from designing around patents and exploiting what fairly appeared to remain in the public domain.[10]

### 3. Past Patentees Could Not Reasonably Rely on Any Range of Available Equivalents Because the Scope of Estoppel Was Always Uncertain

Petitioner and its *amici* also grouse that the decision below unfairly deprives them of a range of equivalents that they had expected to own under the "flexible bar" line of cases. Those complaints, however, ignore history.

*Exhibit Supply* certainly indicated a complete bar rule, and some circuits had expressly so held in the days before the Federal Circuit [*see Hughes*, 717 F.2d at 1362]. After that circuit was born, two irreconcilable lines of authority emerged. *See Festo*, 234 F.3d at 572-74. The *Kinzenbaw* line of cases strictly applied estoppel and refused to speculate whether an examiner might have allowed a broader claim. And even under the more liberal *Hughes* line of "flexible bar" cases, the scope of estoppel was variable. Results accordingly varied, but often the Federal Circuit ultimately held that prosecution history estoppel applied anyway.[11]

The reality was that *no one*—not patent holders, not potential accused infringers and not the public at large—could confidently

[10] In addition to arguing that a complete bar guts the doctrine of equivalents, petitioner suggests that it negates *Warner-Jenkinson*'s rebuttable presumption by turning it into an irrebuttable one. But like Judge Newman below, petitioner conflates two distinct issues. *Warner-Jenkinson* established a rebuttable presumption as to the threshold question whether an amendment should be treated as patentability-related. Under *Warner-Jenkinson*, that fact question determines whether prosecution history estoppel comes into play at all. The question here is a separate, logically subsequent and purely legal question: the *scope* of prosecution history estoppel *given* that the threshold requirements for estoppel are met.

[11] *See, e.g., KCJ Corp. v. Kinetic Concepts, Inc.*, 223 F.3d 1351, 1359-60 (2000); *Augustine Med., Inc. v. Gaymar Indus., Inc.*, 181 F.3d 1291, 1300-01 (1999); *EMI Group N. Am., Inc. v. Intel Corp.*, 157 F.3d 887, 897-98 (1998); *Bai v. L & L Wings, Inc.*, 160 F.3d 1350, 1356 (1998); *Wang Labs., Inc. v. Mitsubishi Elecs. Am., Inc.*, 103 F.3d 1571, 1577-78 (1997); *Wang Labs., Inc. v. Toshiba Corp.*, 993 F.2d 858, 867-68 (1993); *Environmental Instruments, Inc. v. Sutron Corp.*, 877 F.2d 1561, 1565-66 (1989); *Diversitech Corp. v. Century Steps, Inc.*, 850 F.2d 675, 680-81 (1988); *Townsend Eng'g Co. v. HiTec Co.*, 829 F.2d 1086, 1090-92 (1987).



predict the scope of prosecution history estoppel before the Federal Circuit's decision in this case. No reasonable patent prosecutor could agree to narrow a claim and still expect to rely on any particular scope of equivalents outside the scope of the amended claim. Accordingly, when valuing portfolios, reasonable patentees have always focused on the literal scope of the claims, rather than an uncertain range of equivalents.

At best patent holders could have hoped to exploit the unpredictability of the scope of equivalents to extort settlements from risk-averse defendants. But this Court should have no solicitude for patentees who simply were taking advantage of uncertainty of their own making. As Judge Lourie pointed out, "The only settled expectation . . . [was] the expectation that clever attorneys [could] argue infringement outside the scope of the claims all the way through [the Federal Circuit]." *Festo*, 234 F.3d at 596 (Lourie, J., concurring). And that expectation has properly been unsettled.[12]

## E. Making Prosecution History Estoppel a Complete Bar Can Only *Improve* Patent Prosecution Practice

Petitioner, its *amici* and the dissenters below have proffered a parade of patent prosecution horribles that supposedly will result from a complete bar rule. Few of those fears were raised in the *en banc* briefing, and even now the anguish arises primarily from patent lawyer groups with parochial concerns. More telling is that the Solicitor General, representing the PTO, urges the Court to presume a complete bar, which would provide nearly the same incentives as the decision below. In fact, if a complete bar rule changes patent prosecution practice at all, those changes will be *positive*.

### 1. Claiming Could Change Only for the Better

The patent lawyer *amici* bemoan that a complete bar rule will force them to change their strategy of claiming overly broadly and then negotiating concessions with the PTO examiner over the course of several rounds. If so, that is all to the good. If a com-

[12] To the extent the concern is settled expectations of the *PTO*, Judge Lourie provided the proper answer to that as well. The PTO decides patentability based on the claims presented, the disclosure made and the known prior art. The prospect of later infringement claims based on the doctrine of equivalents does not enter into the calculus. *Festo*, 234 F.3d at 596-97.

plete bar rule encourages applicants to draft narrower claims more properly reflecting their inventions in order to avoid later amendments, that will protect the public domain and presumably shorten the application process. Likewise, if applicants take more care to draft clearer claims, the result also will only improve the quality of issued patents and increase certainty about their scope. Overaggressiveness and sloppiness by patent applicants and their counsel are nothing the patent laws should encourage.

Some *amici* also complain that they will be required to conduct more thorough prior art searches before applying, again to avoid having to narrow their claims later. If so, that again would only be beneficial, both to the public and patentees. Patentees, not examiners, are in the best position to uncover relevant prior art, and patentees benefit by having their patents presumed valid over art uncovered in such searches. Searches by applicants also would alleviate the burden on examiners that these same *amici* decry. In any event, the increased cost is overstated because Internet databases have made prior art searching easier than ever before.

In the end, patent prosecutors who believe *Festo* will affect their practices can adjust to the complete bar. And they have: despite the hysteria that greeted the *Festo* decision, the patent prosecution world has not fallen apart since it issued nearly a year ago.

### 2. Even If Applicants Challenge More Rejections, Patents' Scope Should Be Decided in Advance by Presumptively Expert PTO Examiners Rather than Years Later in Patent Litigation

The second major practical objection to the complete bar rule is that the stakes of amending will be higher, resulting in more appeals of examiners' rejections and a slower application process. That objection, however, is flawed in principle. The PTO is charged by law with determining patentability. The Federal Circuit deferentially reviews PTO rejections of patents [*see Dickinson v. Zurko*, 527 U.S. 150 (1999)], and issued patents are presumed valid [35 U.S.C. § 282]. Given the PTO's expertise, decisions about the enforceable scope of patents should be made by the PTO to the extent possible. Such decisions should not be systematically deferred to generalist courts or, worse, befuddled lay juries.



### 3. Inventions Will Not Be Discouraged Because Pioneer Claims Rarely Require Amendments and Non-Pioneer Claims Should Receive a Narrow Range of Equivalents to Begin With

Finally, petitioner speculates that inventors will abandon patents altogether and rely on trade secret protection, all because prosecution history estoppel will be a complete bar to the doctrine of equivalents as applied to particular amended claim limitations. Petitioner and its *amici* cite no empirical evidence supporting this startling assertion, and it is implausible on its face.

For most apparatus inventions and many method claims, trade secret protection is not feasible because the invention could be copied as soon as the product or process is publicly revealed. (The rodless cylinders in this case are a fine illustration.) Even for inventions where both trade secret and patent protection are viable, it defies credulity to suggest that the choice would be based on the possibility that, years down the road, prosecution history estoppel might apply and partially preclude reliance on the doctrine of equivalents in litigation against some unknown alleged infringer.

The concern that "pioneer inventions" would be discouraged is particularly baseless. By definition, pioneer inventions are those involving the greatest advancement over the prior art. They are, therefore, the ones where narrowing amendments to avoid prior art are least likely. *See Augustine Med., Inc. v. Gaymar Indus., Inc.*, 181 F.3d 1291, 1301-02 (Fed. Cir. 1999); Harvard Note, 111 HARV. L. REV. at 2346 n.114. The issue is far more likely to arise with nonpioneer inventions (modest innovations made in crowded fields), but those inventions should be accorded a narrow range of equivalents in any event. *See Warner-Jenkinson*, 520 U.S. at 27 n.4; *Perkin-Elmer Corp. v. Westinghouse Elec. Corp.*, 822 F.2d 1528, 1532 (Fed. Cir. 1987).

In the end, Intel, Cypress and UTC are active patent applicants, licensors and enforcers. If a complete bar rule portended doomsday for patents as petitioner suggests, we would oppose it. In fact, the complete bar rule has improved the patent system by increasing the predictability of patent scope, fairly balancing the interests of patentees and the public (including other inventors), and encouraging better prosecution practice. It should be affirmed.

## II. PROSECUTION HISTORY ESTOPPEL SHOULD APPLY TO ALL AMENDMENTS NARROWING CLAIMS FOR PATENTABILITY REASONS, NOT JUST AMENDMENTS TO AVOID PRIOR ART

Eleven of the twelve judges of the Federal Circuit agreed that "a narrowing amendment made for any reason related to the statutory requirements for a patent will give rise to prosecution history estoppel with respect to the amended claim element." *Festo*, 234 F.3d at 566. Even the lone dissenter, Judge Newman, concurred that "estoppel may arise on substantive grounds of patentability in addition to those of [35 U.S.C.] § 102 and § 103" and that "parts of § 112 may also give rise to estoppel." *Id.* at 634. The court of appeals was correct in so holding, and this Court should reject petitioner's argument that only amendments expressly designed to overcome prior art can trigger estoppel.[13]

### A. The Logic of Prosecution History Estoppel Extends to Narrowing Amendments Made to Fully Describe and Distinctly Claim an Invention or Establish Its Utility

This Court has never limited the application of prosecution history estoppel to amendments made to overcome prior art. *See Crawford v. Heysinger*, 123 U.S. 589, 606 (1887) (prosecution history estoppel arose from amendments to overcome an operability/utility rejection). And the logic and policy behind the estoppel fully apply to other forms of amendments.

Once again, prosecution history estoppel shores up the notice function of the patent claims, telling the public what the patentee has not claimed and confirming that it is safe to practice within that safe harbor. That is so regardless of whether the amendment was spawned by invalidating prior art or by the original language's

[13] Petitioner also raises two arguments nowhere suggested by the questions presented in its petition. Even if properly raised, they have no merit. *First*, discerning "voluntary" from "involuntary" amendments is impossible and pointless. An applicant should not escape estoppel simply by preempting a rejection with its own amendment. A surrender is no less real when the applicant unilaterally recognizes the patentability problem. *Second*, rebuttal of *Warner-Jenkinson*'s presumption that unexplained amendments are patentability-related should be based on the public record. Unexpressed private rationales should not count because the public has only the file wrapper. The old "flexible bar" test itself purported to turn on a reasonable competitor's construction of the objective record.



failure to adequately describe and distinctly claim the invention. Prosecution history estoppel also prevents the patentee from unfairly reclaiming what it agreed to give up. The same logic applies regardless of the statutory section underlying the amendment—as long as the amendment truly narrowed the claim and did so to satisfy the conditions of patentability. *See Festo*, 234 F.3d at 567.

Petitioner resorts to formalism in objecting that *Warner-Jenkinson* referred to "substantial reason[s] related to patentability" and that Sections 101-103 appear in a chapter entitled "Patentability of Inventions" while Section 112 appears in a chapter entitled "Application for Patent." This Court, however, was focused on whether an amendment was made to obtain a patent, not on chapter headings. Fully describing one's invention, disclosing the best known mode of practicing it and distinctly claiming it are substantial and substantive requirements for patentability just as much as utility, novelty and nonobviousness. Courts regularly invalidate patents for failure to comply with Section 112, and such patents are no less dead letters than those invalidated in light of prior art.

### B. An Exception for Section 112 Amendments Would Swallow the Rule, Allowing Clever Applicants to Evade Estoppel and Reclaim What They Have Disclaimed

Petitioner's blanket exception for Section 112 amendments would also result in serious practical problems. Patent lawyers are clever. If told that prior art-related amendments will result in estoppel while "clarifications to more distinctly claim and point out the invention" under Section 112 will not, they will denominate virtually all their amendments as such "clarifications."

Indeed, many patent lawyers have tried this gambit in the past, and the courts have properly stood vigilant against attempts to evade prosecution history estoppel in this way. As the Federal Circuit put it in *Loral Fairchild Corp. v. Sony Corp.*, "[a]n applicant may not avoid the conclusion that an amendment was made in response to prior art by discussing the amendment under the rubric of a clarification due to a § 112 indefiniteness rejection." 181 F.3d 1313, 1326 (1999), *cert. denied*, 528 U.S. 1075 (2000). "If that were permitted amendments made in response to a § 102 or § 103 rejection would tend to be disguised as responding to the § 112 rejection in an attempt to avoid the creation of prosecution history

estoppel." *Id.; see also Bai v. L & L Wings, Inc.*, 160 F.3d 1350, 1355 (Fed. Cir. 1998) (rejecting an applicant's attempt to minimize an amendment by relying on a "boilerplate remark" that the amendment was simply designed to "specifically and expressly recite the structural details" of his invention).

Petitioner's invitation to further mischief should be rejected.

### C. Prosecution History Estoppel Should Depend on the Substance of an Amendment, Not on Its Form

We are not suggesting, and the Federal Circuit did not hold, that every Section 112 amendment clarifying the scope of a claim will result in prosecution history estoppel. True clarifications or technical or grammatical corrections that do not narrow the substantive scope of a claim do not and should not result in estoppel. *See, e.g., Turbocare Div. v. General Elec. Co.*, 264 F.3d 1111, 1125-26 (Fed. Cir. 2001) (no estoppel because patentee's amendment did not truly narrow the claim).

Conversely, however, an amendment should not automatically avoid estoppel simply because it does not take the classic form of an added limitation to a particular pending claim. In all cases, the test for estoppel should depend on the *substantive effect* of an amendment, rather than its form or formal basis.

The Federal Circuit's post-*Festo* holding in *Mycogen Plant Science, Inc. v. Monsanto Co.*, 252 F.3d 1306, *reh'g denied*, 261 F.3d 1345 (2001), provides an excellent illustration. In that case, the applicant did not formally amend its initial claims. Instead, it cancelled its initial claims and replaced them with narrower claims (which had been present as dependent claims in the original application), and those narrower claims issued. Nevertheless, the Federal Circuit properly held that prosecution history estoppel applied. As the court observed, distinguishing the two "would place form over substance and would undermine the rules governing prosecution history estoppel laid out in *Festo* by allowing patent applicants simply to cancel and replace claims for reasons of patentability rather than to amend them." 252 F.3d at 1320.[14]

[14] The Solicitor General suggests (at 16) that merely rewriting a dependent claim as an independent one will not in itself create prosecution history estoppel. *Mycogen*, however, confirms that *canceling* an independent claim and *replacing* it with a narrower, formerly dependent claim *can* create an estoppel. *See* 261 F.3d at 1349 ("cancellation of a claim and replacement with another claim having an added limitation had the effect of narrowing the scope of the original claim . . . with respect to the limitation that was in effect added to the original claim").



In affirming here, this Court too should emphasize that prosecution history estoppel turns on whether, from an objective standpoint, the patentee substantively narrowed the scope of its claims for a reason related to patentability. It does not turn on the particular form, format or declared statutory basis for the change.

## III. The Court's Ruling Should Apply Universally and Should Not Be Limited to Prospective Application

Finally, several of petitioner's *amici* argue that if this Court affirms, the rule it announces should apply purely prospectively. Those *amici* apparently suggest that a complete bar rule should apply to claim amendments after the date of decision, while a "flexible bar" should apply to earlier ones. That result would require a double rule of decision and would extend the confusion over how a "flexible bar" applies for decades. Moreover, even ignoring those serious practical problems, this case simply is not a proper candidate for purely prospective application.

To begin with, this Court still has not resolved whether purely prospective decisionmaking is consistent with the constitutional role of the judiciary. The "normal rule" is that judicial decisions are fully retroactive, applicable to all pending and future cases. *Harper v. Virginia Dep't of Taxation*, 509 U.S. 86, 97 (1993). It is also settled that selective prospectivity is forbidden: "When this Court applies a rule of federal law to the parties before it, that rule is the controlling interpretation of federal law and must be given full retroactive effect in all cases still open on direct review, as to all events regardless of whether such events predate or postdate [the] announcement of the rule." *Id.* In *Chevron Oil Co. v. Huson*, 404 U.S. 97 (1971), the Court recognized the possibility of purely prospective rulings in extraordinary cases, but the continuing vitality of that doctrine remains in doubt as members of the Court have questioned its compatibility with the judicial function of declaring what the law is rather than deciding what it should be. *See, e.g., Harper*, 509 U.S. at 107 (Scalia, J., concurring).

The debate over the propriety of purely prospective judicial decisions can wait for another day. In this case, the complete bar approach to prosecution history estoppel would not qualify for prospective treatment even under the three-part test of *Chevron Oil*:[15]

*First*, a "decision to be applied nonretroactively must establish a new principle of law, either by overruling clear past precedent on which litigants may have relied, or by deciding an issue of first impression whose resolution was not clearly foreshadowed." *Chevron Oil*, 404 U.S. at 106 (citations omitted). Here, *Festo* did not resolve issues of first impression, and the pre-*Festo* precedent offered as much support for a complete bar as a "flexible" one. *Exhibit Supply* indicated a complete bar, and *Warner-Jenkinson* similarly held that an estoppel serves to "bar the application of the doctrine of equivalents" as to the affected limitation. 520 U.S. at 33. In the lower courts, the circuits had split before the Federal Circuit's first decision in *Hughes*, two competing and contradictory lines of precedent continued after *Hughes*, and even under *Hughes*'s "flexible bar" the scope of the estoppel varied from "great to small to zero." In short, until this case no one knew what, if any, equivalents remained after a narrowing amendment.

*Second, Chevron Oil* "look[ed] to the prior history of the rule in question, its purpose and effect, and whether retroactive operation will further or retard its operation." 404 U.S. at 107 (citation omitted). In this case, the "flexible bar" was inconsistently applied, and a complete bar is the only coherent way for prosecution history estoppel to accomplish its twin goals of promoting predictability and preventing inequity. The term of most patents is twenty years. If the complete bar is applied purely prospectively, competitors will labor under uncertainty, and patentees will unfairly exploit that uncertainty, for two more decades.

*Third, Chevron Oil* "weighed the inequity imposed by retroactive application . . . ." *Id.* Once again, past patentees could not have relied on any particular scope of equivalents under the "flexible bar" approach. If applicants proposed narrowing amendments

[15] Even petitioner's *amici* do not appear to suggest that applying prosecution history estoppel to all kinds of narrowing amendments for patentability reasons worked such a change in law that the rule must be applied purely prospectively.



with the expectation of reneging on those agreements and making broader claims in litigation, they acted at their own peril.

In short, *Festo* undoubtedly refined the law of prosecution history estoppel and will rein in the doctrine of equivalents somewhat. But so did this Court's adoption of a rebuttable presumption of prosecution history estoppel in *Warner-Jenkinson*, and no one has seriously suggested that that decision could only be applied to future claim amendments. In both cases, the courts clarified the confusing jurisprudence and appropriately balanced the competing interests. The rules they adopted must apply to everyone equally.

## Conclusion

The judgment and rationale of the Court of Appeals should be affirmed.

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Respectfully submitted,

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